THE
Dan Smoot Report

Vol. 13, No. 31 (Broadcast 623) July 31, 1967 Dallas, Texas

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STOP JOHNSON FROM GIVING AWAY OUR PANAMA CANAL

On June 26, 1967 — after more than 2 years of secret negotiations — officials of the U. S. and Panama announced agreements on three new treaties, replacing all previous treaties between the U. S. and Panama.[1] Under terms of the new treaty which concerns ownership and operation of the Panama Canal, the United States will surrender all rights, sovereignty, and property in the Panama Canal Zone. A new "canal area" (much smaller than the present zone) will be designated. All U. S. property in the old zone that is not included in the new canal area will be given to the Republic of Panama. All U. S. property in the new canal area — including the canal itself — will be given to an "international juridical entity to be known as the Joint Administration of the Panama Canal." This Joint Administration will replace the present Panama Canal Company, a U. S. government corporation which owns and operates the Panama Canal. The Joint Administration will be governed by a 9-member board — 5 of whom will be appointed by the U. S. President, 4 by the Panama President.[2]

In assuming assets of the Panama Canal Company and the Panama Canal Zone government, the Joint Administration will assume all liabilities, except the U. S. investment in the Panama Canal, which will be written off. The unrecovered, interest-bearing U. S. investment in the Panama Canal is about $330 million. Our total investment in the canal is $1.9 billion. All of this, plus undetermined millions of dollars' worth of other U. S. property in the Canal Zone, plus about $3 billion we have spent on canal defense installations will simply be given away.[2]

The laws and taxes of Panama will operate throughout the canal area, and the Republic of Panama will exercise absolute sovereignty. The Joint Administration will operate the canal and related facilities and will exercise specified governmental functions in the canal area, with the permission of the Republic of Panama.[2] The 4000 U. S. nationals, who presently work for the U. S. government in the Canal Zone, will (if not replaced) be working for an international agency, under Panama sovereignty, subject to

THE DAN SMOOT REPORT is published weekly by The Dan Smoot Report, Inc., Box 9538, Dallas, Texas 75214 (office at 6441 Gaston Ave.). Subscriptions: $18.00 for 2 years; $10.00, 1 year; $6.00, 6 months; first class, $12.50 a year; airmail, $14.50. Dan Smoot was born in Missouri, reared in Texas. With BA and MA degrees from SMU (1938 and 1940), he joined the Harvard faculty (1941) as a Teaching Fellow, doing graduate work in American civilization. From 1942 to 1951, he was an FBI agent; from 1951 to 1955, a commentator on national radio and television. In 1955, he started his present independent, free-enterprise business: publishing this REPORT and abbreviating it each week for radio and TV broadcasts available for commercial sponsorship by business firms.

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the dual laws and authority of Panama and the Joint Administration, enjoying no rights, privileges, or protection as U. S. citizens.

When the treaty expires (December 31, 1999), the canal and all related facilities will become the exclusive property of Panama.[2]

The United States charges the same tolls for use of the Panama Canal that it established in 1914 when the canal opened: 90 cents a long ton of cargo capacity for laden ships and 72 cents for ships in ballast.[2] These tolls have been producing a gross revenue of about $87 million a year. The average net annual profit is less than $3 million. Of this, Panama gets an annuity of $1.93 million — leaving slightly more than $1 million a year to accumulate for paying off U. S. capital investment.[3] The last payment on the U. S. capital investment was $10 million in 1960.[2]

The new Johnson treaty (saying that Panama and the U. S. should be given "a fair return in the light of their contributions to the creation and maintenance" of the canal!) stipulates that Panama shall receive 17 cents a long ton for commercial cargo passing through the canal, the amount to be increased 1 cent a year for five years until Panama receives 22 cents a ton. The United States will get 8 cents a long ton, the amount to be increased each year for five years until the U. S. gets 10 cents a ton.[2]

The treaty sets up a schedule of priority for use of Joint Administration funds. The first priority is payment of Panama's cut out of the toll fees — this being included in the same category with payment of operating and maintenance costs. The second priority is establishment of working capital and reserve funds for locks overhaul, plant replacements, capital improvements, and debt service costs. The third priority is payment of current cost of capital improvements or additions. The fourth priority is payment of other obligations or debts incurred by the Joint Administration. The fifth (and last) priority is payment of the U. S. cut of toll fees.[2] If anything is left after everything else has been paid, the U. S. will get something.

Liberal and communist propaganda asserts that, in the treaty of 1903, we ruthlessly exerted our power to drive a hard bargain with the little nation of Panama, virtually taking the Canal Zone away from her for a pittance. This is a blatant lie. Panama could not have become a nation, and could not have survived, without our help.[4]

In 1903, American intrigue and power took Panama (a disease-infested jungle which was a province of Colombia) away from Colombia. The treaty of 1903 was the birth certificate of the Republic of Panama, the United States guaranteeing both internal order and national independence for the nation which Americans had created.[4,5]

We did not *lease* the Canal Zone from Panama. We *bought* it for 10 million dollars cash, and an annuity — which was not a *rental* fee, but a guarantee of revenue to keep the Panamanian government alive. We acquired full ownership and sovereignty, by grant in perpetuity, making the 10-mile-wide Canal Zone *United States territory forever.*[4]

Panama contributed nothing to the building of the canal and has contributed nothing to its maintenance, defense, and operation. Yet the people and government of Panama have lived for 64 years, largely on U. S. money which went to them either as outright gifts or as direct and corollary benefits of our canal operations.[4,5] Now, under the new Johnson treaty, Panama is to be given full sovereignty, and eventually full ownership, of our canal and territory and all related property. While waiting to acquire full ownership, Panama will get more than twice as much revenue from the canal's operations as we will, even if we get the maximum which the treaty allocates to us — it being likely that we will get nothing at all.[2] Meanwhile, the U. S. will defend the canal — if, indeed, it can be defended under terms of the new Johnson treaties — exclusively at American taxpayers' expense.

The 22-cents-a-ton payment to Panama will raise her direct income on canal operations from her present $1.93 million a year to an estimated $22 million a year (if canal traffic continues at

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present volume).[2] This means that canal tolls must be increased, and the treaty specifically provides for raising tolls to increase Panama's income.

Though the canal can presently handle 55,000-ton ships, very few commercial vessels that large ever use the canal, because of toll costs. Even at the 1914-level tolls now being charged, it costs as much for a 40,000-ton commercial cargo ship to go through the canal as to sail all the way around the continent of South America. If tolls are sharply raised, the cost of using the canal will be prohibitive for smaller vessels also. At present, 80% of all cargo passing through the canal is carried by ships of 20,000 tonnage or less; and 74% of all canal cargo goes to or from the United States.[2] Imagine how the general cost of living will increase in the United States when it costs more to route this traffic through the Panama Canal than to send it all the way around the South American continent. And imagine the general disruption of world commerce.

If high toll fees force enough shippers to avoid the canal, it will go bankrupt — but will be kept in operation by money which the U. S. government confiscates from U. S. citizens.

U. S. treatment of Panama has *always* been more than generous, but our treatment of Colombia in 1903 was highhanded. In 1922, however, we compensated Colombia fully. In the Thomson-Urrita Treaty between Colombia and the U. S., which went into effect in 1922, Colombia recognized Panama as an independent nation, and acknowledged that title to the Panama Canal and the Panama Railroad is "vested entirely and absolutely in the United States of America, without any encumbrances or indemnities whatever." The United States paid Colombia $25 million compensation for the loss of territory and revenue resulting from the secession of Panama — and promised her special privileges in the use of our canal and railroad.[4]

The new Johnson treaty, giving Panama full sovereignty over the canal and surrounding zone, completely repudiates our 1922 treaty obligations to Colombia. Indeed, the treaty specifies that Panama can stop operations of the Panama railroad as a common carrier, by merely giving two-year notice.

The Johnson treaty gives the Joint Administration authority to call upon the U. S. and Panama for armed forces to defend the Panama Canal. Since Panama has neither the economic nor military resources for adequate defense, the full load will, of course, fall upon U. S. taxpayers.

Conditions under which the U. S. will defend the Panama Canal are specified in a defense treaty — one of the three new U. S.-Panama treaties now pending.

All bases used by U. S. forces will be under the sovereignty of Panama. Certain ones are specified in the treaty, and are under the immediate supervision of the Joint Administration. When called upon by the Joint Administration to use the designated areas for defense of the canal, the United States can use them without obtaining specific approval from Panama; but if, in times of war or grave emergency, the U. S. forces need to use areas not designated in the defense treaty, they must first get special permission from Panama. Obviously, the canal could be overrun or destroyed, before the U. S. could get permission to defend it from the communist-infiltrated government of Panama[2] — particularly if the threat to the canal is from government-supported Panamanian mobs.

The new Johnson defense treaty with Panama also contains a status of forces agreement similar to those made with European and Asiatic countries under the NATO and SEATO pacts. This means that American military personnel in Panama to defend the canal and related properties for the benefit of Panama, will be subject to civil law propagated by the pro-communist government of Panama.[6]

The third U. S.-Panama treaty which Johnson has negotiated authorizes the U. S. to build a sea-level canal in Panama, if it chooses. But the U. S. would have to buy the land from Panama, pay

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Panama enormous indemnities for leaving the old canal, pay all the costs of building — and then give Panama sovereignty and control, and most of the revenue.[7]

We do not need a new canal. The present Panama Canal is too small for some Navy ships, but will handle most naval craft and all commercial vessels that can afford to use it. The present canal could be enlarged, if shipping needs so require.

Congress should be inundated now with demands to stop spending our tax money on plans for a new transisthmian canal. All Senators should receive millions of letters and telegrams now, demanding rejection of all three of Johnson's new treaties with Panama. Ask your U. S. Representative to use his influence to stop Senate ratification of Johnson's Panama treaties. Write letters to the editors of your local newspapers; talk to people; speak to your clubs, church organizations, social groups, business meetings; distribute this Report *or comparable material. Do everything you can toward creating public opinion that will force the Senate to reject Johnson's Panama treaties.*

After that job is accomplished, more needs to be done with regard to our national interests in Panama.

The 1903 treaty did not give us too much in comparison with what Panama got. The existing ten-mile-wide Canal Zone is not big enough for adequate protection and maintenance of the canal. Our government did not buy a wider zone in 1903, because the treaty gave us the right to acquire property anywhere in Panama which might be needed for canal purposes. In the Roosevelt treaty of 1936-39 and in the Eisenhower treaty of 1955, we needlessly gave away this vital right of eminent domain, along with other rights and property. We should repudiate both those treaties, because Panama has blatantly and continuously violated promises made in them to demonstrate cooperation and friendship with us.[4]

Having returned to the original, uncompromised treaty of 1903, we should assert our rights of eminent domain under that treaty to enlarge our Canal Zone, at least to the extent of taking in the entire watershed of the Chagres River, to protect the canal against silting and water shortage.[7] We should make whatever improvement or enlargements upon the present canal that *our* national interests may require; and we should keep the canal and the enlarged zone surrounding it exclusively under our jurisdiction and control, forever. Otherwise, eventual communist take-over of the Panama Canal is inevitable.

FURTHER INFORMATION

For background on Panama history, U. S.-Panama relations, communist efforts to take the Panama Canal away from the U. S., see the January 20 and 27, 1964, issues of *The Dan Smoot Report*, "Panama — Part I" and "Panama — Part II." Copies of these 8-page *Reports* are still available for 25¢ each, 6 for $1.00.

FOOTNOTES

(1) "U. S. and Panama Agree On New Canal Treaties," *The New York Times*, June 27, 1967, p. 1

(2) "Full Panama Treaty Text," *Chicago Tribune*, July 15, 1967, pp. 1 ff.; *Congressional Record* (daily), July 17, 1967, pp. S9708 ff.

(3) "Take-over Advocates Ignore Facts: Income From Canal Shores Up Panama's Economy," by Penny Lennoux of Copley News Service, *The Dallas Morning News*, January 12, 1964, Section 1, p. 1

(4) See the January 20 and 27, 1964, issues of *The Dan Smoot Report*, "Panama — Part I" and "Panama — Part II."

(5) *The Untold Story of Panama*, by Earl Harding, 1959, The Bookmailer, Inc., Box 101, New York, New York 10016, $6.00

(6) "America Would Lose Under New Panama Canal Treaty," by U. S. Representative Burke, *Congressional Record* (daily), June 28, 1967, p. H 8237

(7) "Panama Canal Issues and Treaty Talks: Defects and Validities," by U. S. Representative Flood, *Congressional Record* (daily), June 8, 1967, pp. H 6939 ff.

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